

Annexure- 9.54

Report on Meaningful Financial Inclusion Project in Ernakulam District

- 22.03.2011 – Dr. D. Subbarao, Governor, RBI attended the outreach programme conducted by RBI in Vengoor West Village (Mudakuzha Panchayat)
- On observing the high penetration of banking service he suggested that the district may go for Meaningful Financial Inclusion
 - Having operative bank accounts for each family through which regular credits and withdrawals take place
 - Provide small credits to the needy as and when required
 - Provide remittance services to all those require it
 - Provide micro insurance services through banking channel
- The Meaningful Financial Inclusion differs from Financial Inclusion in following ways
 - In Financial Inclusion banking facilities are provided at the reach of the people everywhere. This was with branches, business correspondents, ultra small branches and such branchless banking activities.
 - Under Meaningful Financial Inclusion, rather than providing the facilities, we ensured that per family minimum one operating account is opened and people are persuaded to route their savings through their accounts. This will help them to develop better banking habit. They may provided with small credits if found genuine, and in emergencies. The ultimate aim will be to liberate the poor from the clutches of private money lenders and to have a decent banking culture among them so that banks will not be hesitant to extend their services.
- Dr. Rao suggested that this project, first time India, may be taken forward by the banks under the leadership of the lead bank, Union Bank of India
- A steering committee with all major banks, Govt. Depts. formed to monitor the implementation of the project. The committee met 13 times
- A core committee of 10 members formed for close monitoring and met 34 times
- Four groups formed to identify the products to fulfill the objectives
- A baseline survey covering all households conducted through the Kudumbasree Mission with 15 fields which covered the gaps under various parameters
- Based on the Survey results (list of families without bank accounts) the service area branches contacted the families and opened accounts in 84 gram Panchayats, 11 municipalities and the Kochi Corporation.
- Focused discussions took place at DLRC and BLBC meetings. Special meetings of Branch Managers conducted at various centres and explained the project.
- All controlling offices entrusted the job to ensure that branches are actively engaged in the project.
- Bit notices , posters, news paper coverage, advertisement and special programme in Kochi FM, Press Meet and coverage in TV on Meaningful Financial Inclusion given
- Pilot run took in Mudakuzha, Chellanam and Nellikkuzhy Panchayats
- Insurance companies also associated with banks to promote micro-insurance products

- Various awareness camps conducted at selected centres such as Vathuruthy (in Tamil), Kadamakudy, Eramalloor, Kakkoor etc. Coin distribution mela at two centres and meeting explaining features of genuine currencies conducted for KSRTC staff at various locations. A float on Meaningful Financial Inclusion staged at Trivandrum and Thrippunithura along with Athachamayam
- Skit on “Raju and Money tree” by school children of Mudakuzha Govt. U P School, as suggested by Dr. Subbarao was performed
- Conducted meeting of LSG members at District Collectorate under chairmanship of the Collector and explained the project
- Steps taken for linkage of bank accounts with AADHAAR number. A meeting was conducted by the UIDAI & PAU with the LSG members for awareness creation which was attended by the LDO. A poster designed for linkage of bank accounts with AADHAAR number displayed in all bank branches.
- RD wrote letters to CMDs and controlling offices of banks.
- CMD Union Bank wrote letters to CEOs of other banks functioning in Ernakulam.
- Controlling offices conducted meetings of BMs and enlightened them on the project.
- The problem was tackled through area-wise and bank-wise monitoring of around 850 branches, banks forming groups and selected a coordinator. A case study among BMs on the project was conducted. Opening of accounts through own staff or outsourced persons for which the support of councillors / ward members was obtained.
- During the period, out of the three unbanked villages, branches were opened in two villages (Vengoor West and Ermalloor) and USB in the third one (Kadamakudy)
- After the visit of the Governor, Five FLCs are functioning in the district now (Blocks – Koovappady, Mulanthuruthy, Edapally (Union Bank), Angamaly and Kothamangalam (Federal Bank)).
- The survey showed that 81% of the families in the District was having bank accounts and 1.28 lakh households without bank accounts. Out of 26.36 lakh adult population 15.78 lakh were with out bank accounts.
- The number of SB accounts increased from 24.77 lakh to 45.49 lakh from 31.03.2011 to 16.11.2012
- Number of BSDA account increased from 6.17 lakh to 15.87 lakh during the period

The dedication meeting was conducted on 22.11.2012, which was attended by the Hon. Chief Minister, Shri. Oommen Chandy, Finance Minister, Shri. K. M. Mani, RBI Governor, Dr.D.Subbarao, UIDAI Chairman, Shri Nandan Nilekani, CMD, Union Bank, Shri. Debashish Sarkar, three Deputy Governors of RBI, Executive Directors of RBI, MLAs, Mayor, Block Panchayat Presidents, Gram Panchayat Presidents etc.

Report on the function:

The dedication of Ernakulam as the first district in the country to achieve Meaningful Financial Inclusion was held on 22.11.2012 at Gokulam Convention Centre Kaloor, Ernakulam.

Shri. Debabratha Sarkar, Chairman & Managing Director welcomed the gathering. In his welcome speech Shri. Sarkar told that the Meaningful Financial Inclusion is having great importance in the present scenario and this marks the culmination of untiring and dedicated efforts of many persons representing Commercial Banks, Insurance Companies, NGOs and Government Authorities with the support of RBI. In recent years, financial inclusion has been among the top priorities for the Government, the regulator, the banking fraternity and society at large in India. The significant role of RBI in encouraging financial inclusion and inclusive growth is known to everyone. The call given by the Governor to make Ernakulam to achieve 'Meaningful Financial Inclusion' in Ernakulam and make it a model for rest of the country has materialized by extending operative bank accounts with micro credit facility, micro-insurance and remittance facilities to all the households in the district. He told that the efforts are to be continued for the successful continuation of the project.

Shi Oommen Chandy, Chief Minister of Kerala inaugurated the function. Mr. Chandy told that it is a proud moment for the district and the state as a whole. He suggested that more attention to be given to the state by ensuring high CD Ratio. Banks should consider the education loans with more consideration. He told that rolling out of AADHAAR enabled payment system would be of great significance as direct credit to the beneficiaries is assured.

Dr. D. Subbrao, Governor, RBI, in his presidential address told that the efforts taken by banks in Ernakulam under the leadership of the Lead Bank, Union Bank of India, to achieve Meaningful Financial Inclusion is really commendable. It would be another feather in the cap for the district following the achievements of becoming the first district in family planning and 100% literacy. The objectives of Meaningful Financial Inclusion will provide opportunities to the people to empower themselves in achieving financial progress. The people in Kerala are highly literate and conversed with financial aspects too. It is found that even the migrant labours, who are illiterate, also are using technology driven banking services now. The banks have to strive hard to maintain and improve the position further. The model has to be replicated in the remaining districts of Kerala at the earliest. The efforts taken by UIDAI in the state in issuance of AADHAAR cards and linking with bank accounts is appreciable.

Mr. K. M. Mani, Finance Minister of Kerala, told that achieving Meaningful Financial Inclusion is really great and banks have to take efforts to make banking more meaningful.

Mr. Nandan Nilekani, Chairman, UIDAI told that AADHAAR is unique in the country to give identity to the entire population. AEPS is going to be very important as interoperability in micro ATMs would be of great help to the common man.

CMDs of CBI, SBT, Federal Bank, South Indian Bank, Catholic Syrian Bank, Dhanlaxmi Bank, senior government officials, people's representative, SHG members and bank officials have also attended function.